

TERMS AND CONDITIONS OF THE FCM BANK LIMITED CAPITAL INVESTMENT BONDS

31st January 2023

This general description contains the Terms and Conditions of the Capital Investment Bonds. The Final Terms will specify specific terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, modify the following Terms and Conditions for the purposes of the Capital Investment Bonds.

FCM BANK LIMITED, with its registered office at Suite 3, Tower Business Centre, Tower Street, Swatar, Birkirkara BKR 4013, Malta, registered in the Register of Companies maintained by the Malta Business Registry under registration number C50343, established in Malta (“**FCM Bank Limited**” or the “**Issuer**”) has decided to issue 95 000 000 CZK Capital Investment Bonds (the “**Capital Investment Bonds**”). The aggregate Original Nominal Value of the Capital Investment Bonds may be increased and decreased by the Issuer, including after the Issuer Date by issuing additional Capital Investment Bonds. Issuer is represented by its branch FCM BANK Praha, odštěpný závod, identification number 14411938, with its registered office at Senovážné náměstí 1588/4, Nové Město, 110 00 Praha 1, Czech Republic, registered with the Commercial Register held by the Municipal Court in Prague, File No. A 79957 (the “**Branch**”). The proceedings of issuance are used for the purposes of conducting business of the Branch.

Each Capital Investment Bond will be the subject of the final terms attached to these Terms and Conditions as Annex 1 (the “**Final Terms**”).

These Terms and Conditions (the “**Conditions**”) apply to the Capital Investment Bonds.

1. Interpretation

(a) In these Conditions the following expressions have the following meanings:

“**Additional Tier 1 Capital**” means additional tier 1 capital for the purposes of the Applicable Banking Regulations.

“**Capital Investment Bonds**” has the meaning given to such term in Condition 4 (*Status*).

“**Applicable Banking Regulations**” means at any time the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy then in effect in Malta including, without limitation to the generality of the foregoing, CRD IV, BRRD, SRM Regulation and those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the Competent Authority¹, from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer).

“**Bail-in Powers**” means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Malta, relating to (i) the transposition of the BRRD and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

“**BRRD**” means the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as the

¹ Malta Financial Services Authority; European Banking Authority

same may be amended or replaced from time to time.

“Business Day” means a day on which commercial banks settle payments in Malta and which is a settlement day of the Register and a TARGET Settlement Day.

“Capital Event” means the determination by the Issuer, after consultation with the Competent Authority, that the Outstanding Nominal Value of the Capital Investment Bonds ceases or would be likely to cease to be included in whole, or in any part, or count in whole or in any part towards the Tier 1 Capital of the Issuer and/or the Issuer’s Group due to a change in the Applicable Banking Regulations that was not reasonably foreseeable at the time of the issuance of the Capital Investment Bonds (other than by reason of a full or partial exclusion of the Outstanding Nominal Value of the Capital Investment Bonds arising (i) as a result of a Write Down and/or (ii) by reason of any applicable limit on the amount of such capital under the Applicable Banking Regulations from time to time).

“CDR” means Regulation (EU) 241/2014 of 7 January 2014 supplementing Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions (Capital Delegated Regulation), as amended or replaced from time to time.

“CET1 Capital” means in respect of the Issuer’s Group, at any time, the sum, expressed in the euro, of all amounts that constitute common equity tier 1 capital of the Issuer’s Group as at such date, less any deductions from common equity tier 1 capital required to be made as at such date, in each case as calculated by the Issuer in accordance with the Applicable Banking Regulations applicable to the Issuer on a consolidated basis, at such time (which calculation shall be binding on the Holders). For the purposes of this definition, the term “common equity tier 1 capital” shall have the meaning assigned to such term in the Applicable Banking Regulations then applicable to the Issuer.

“CET1 Ratio” means, at any time, the ratio of CET1 Capital of the Issuer’s Group, as at such date to the Risk Weighted Assets of the Issuer’s Group, as at the same date, expressed as a percentage and, for the avoidance of doubt, on the basis that all measures used in such calculation shall be calculated applying the transitional provisions set out in Part Ten of CRR and applied in accordance with the Applicable Banking Regulations then applicable to the Issuer.

“Conditions to Redemption” means the conditions to redemption set out in Condition 6(e) (*Redemption and Purchase – Conditions to Redemption*) or as otherwise specified in the relevant Final Terms.

“CRD IV” means the legislative package consisting of the CRD IV Directive, the CRR and any CRD IV Implementing Measures.

“CRD IV Directive” means Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council, as amended or replaced from time to time.

“CRD IV Implementing Measures” means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and/or the Issuer’s Group and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer, the Issuer’s Group (as the case may be) to the extent required by the CRD IV Directive or the CRR, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof).

“CRR” means Regulation (EU) 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council, as the same may be amended or replaced from time to time.

“Distributable Items” means the amount of the profits at the end of the latest financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments minus any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the Issuer’s articles of association and sums placed to non-distributable reserves in accordance with Maltese law or the articles of association of the Issuer, those losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of the sub-consolidated accounts, or, at any time, the meaning assigned to such term in CRR as interpreted and applied in accordance with the Applicable Banking Regulations then applicable to the Issuer and/or the Issuer’s Group.

“**First Interest Payment Date**” means the date specified in the Final Terms.

“**Interest Commencement Date**” means the Issue Date of the Capital Investment Bonds (as specified in the Final Terms).

“**Interest Payment Date**” means the First Interest Payment Date and any date or dates specified as such in the Final Terms (each such date a “**Specified Interest Payment Date**”).

“**Issue Date**” has the meaning specified in the relevant Final Terms.

“**Issuer’s Group**” means the Issuer and its subsidiaries.

“**Junior Securities**” means the share capital and any obligation of the Issuer ranking or, expressed to rank, junior to the Capital Investment Bonds in a voluntary or involuntary liquidation or bankruptcy of the Issuer.

“**Loss Absorbing Instrument**” means at any time any instrument (other than the Capital Investment Bonds) issued directly or indirectly by the Issuer which at such time (a) qualifies as Additional Tier 1 Capital of the Issuer’s Group and (b) which is subject to utilisation and conversion or utilisation and write down (as applicable) of the outstanding nominal value thereof (in accordance with its terms or otherwise) on the occurrence, or as a result, of the CET1 Ratio of the Issuer’s Group falling below a specified level.

“**Maximum Distributable Amount**” means any maximum distributable amount relating to the Issuer required to be calculated in accordance with Article 141 of the CRD IV Directive as transposed or implemented into Maltese law and in accordance with the Applicable Banking Regulations.

“**Maximum Reinstatement Amount**” means, in respect of any Reinstatement, the Net Profit of the Issuer multiplied by the sum of the aggregate Original Nominal Value of the Capital Investment Bond and the aggregate initial principal value of all Written Down Additional Tier 1 Instruments of the Issuer, and divided by the total Tier 1 Capital of the Issuer’s Group as at the date of the relevant Reinstatement, or any higher amount permissible pursuant to Applicable Banking Regulations in force on the date of the relevant Reinstatement.

“**COMPETENT AUTHORITY**” means the Malta Financial Services Authority, the European Banking Authority and/or any successor or replacement thereto or any other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

“**Maltese Commercial Code**” means the Commercial Code (Chapter 13 of the Laws of Malta).

“**Maltese Banking Act**” means the Banking Act (Chapter 371 of the Laws of Malta) and any subsidiary legislation issued thereunder or Applicable Banking Regulations.

“**Maltese Companies Act**” means the Companies Act (Chapter 386 of the Laws of Malta).

“**Net Profit**” means, the consolidated net profit of the Issuer’s Group and shall be the most recent profits calculated on a statutory basis after the relevant body has taken a formal decision confirming such final profits of the Issuer’s Group, as applicable.

“**Parity Securities**” means any (i) subordinated and undated debt instruments or securities of the Issuer or “Additional Tier 1 Capital” of the Issuer, from time to time, by the COMPETENT AUTHORITY and (ii) any securities or other obligations of the Issuer which rank, or are expressed to rank, on a voluntary or involuntary liquidation or bankruptcy of the Issuer, *pari passu* with the Capital Investment Bonds.

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) or other legal entity.

“**Rate of Interest**” means the rate (expressed as a percentage per annum) of interest payable in respect of the Capital Investment Bonds specified in the Final Terms.

“**Reference Date**” means the accounting date as at which the applicable Relevant Profits were determined.

“**Reinstatement Amount**” means the amount, subject to the Maximum Reinstatement Amount, by which the Outstanding Nominal Value of each Capital Investment Bond in effect prior to the relevant Reinstatement, is to be reinstated and written up on the Reinstatement Effective Date on the balance sheet of the Issuer on such date, as specified in the Reinstatement Notice.

“**Reinstatement Effective Date**” means the date on which the Outstanding Nominal Value of each Capital Investment Bond is reinstated and written up on the balance sheet of the Issuer (in whole or in part), as

specified in the relevant Reinstatement Notice.

“Reinstatement Procedure” means the procedures set out in Condition 7(b)(ii).

“Reinstatement Notice” means the notice to be delivered by the Issuer to the Holders in accordance with Condition 12 specifying the Reinstatement Amount and the Reinstatement Effective Date.

„Register“ means a register of holders of Capital Investment Bonds operated by SAB o.c.p.. Register contains names, addresses and bank accounts of all holders and records all transactions relating thereto.

“Relevant Amounts” means the Outstanding Nominal Value of the Capital Investment Bonds, together with any accrued but unpaid interest and additional amounts due on the Capital Investment Bonds.

“Relevant Distributions” means the sum of:

- a) any distributions on the Capital Investment Bonds made or scheduled to be made by the Issuer in the then current financial year of the Issuer; and
- b) any distributions made or scheduled to be made by the Issuer on other Common Equity Tier 1 instruments or Additional Tier 1 instruments in the then current financial year of the Issuer.

“Relevant Capital” means Tier 1 Capital.

“Relevant Profits” means the Net Profits of the Issuer’s Group.

“Relevant Resolution Authority” means the resolution authority with the ability to exercise any Bail-in Powers in relation to the Issuer and/or the Issuer’s Group.

“Risk Weighted Assets” means, at any time, the aggregate amount, expressed in the euro, of the risk weighted assets of the Issuer’s Group, as at such date, as calculated on a consolidated basis in respect of the Issuer’s Group in accordance with the Applicable Banking Regulations applicable to the Issuer, on such date (which calculation shall be binding on the Holders). For the purposes of this definition, the term “risk weighted assets” means the risk weighted assets or total risk exposure amount, as calculated in accordance with the Applicable Banking Regulations applicable to the Issuer’s Group.

“Original Nominal Value” means, in respect of a Capital Investment Bond, the Nominal Value of the Capital Investment Bond as issued on the Issue Date.

“Outstanding Nominal Value” means, in respect of a Capital Investment Bond, the Original Nominal Value as reduced from time to time by any partial redemption or repurchase from time to time.

“SAB o.c.p.” means company, company SAB o.c.p., a.s., with its registered office at Gajova 2513/4 Bratislava - Staré Mesto 811 09, Slovakia, registered in the Commercial Register held with District court Bratislava I, Section Sa, File No. 3722/B, established in Slovakia.

“SRM Regulation” means Regulation (EU) 806/2014 of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, as amended or replaced from time to time.

“Subordinated Indebtedness” means any obligation of the Issuer whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of liquidation or bankruptcy of the Issuer to the claims of depositors and all other unsubordinated creditors of the Issuer.

“Subsidiary” has the meaning provided in the Maltese Commercial Code.

“TARGET2” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilizes a single shared platform, and which was launched on 19 November 2007.

“TARGET Settlement Day” means any day on which TARGET2 is open for the settlement of payments in euro.

“Tax Event” means:

- (i) any amendment to, or clarification of, or change in, the laws or treaties (or any regulations thereunder) of the Taxing Jurisdiction affecting taxation;
- (ii) any governmental action in the Taxing Jurisdiction affecting taxation; or

(iii) any amendment to, clarification of, or change in, the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in the Taxing Jurisdiction, irrespective of the manner in which such amendment, change, action, pronouncement, interpretation or decision is made known, which amendment or change is effective or such governmental action, pronouncement or decision is announced, on or after the Issue Date of the Capital Investment Bonds, and under or due to which:

(A) the Issuer is, or will be, subject to additional taxes, duties or other governmental charges with respect to the Capital Investment Bonds or is not, or will not be, entitled to claim a deduction in respect of payments in respect of the Capital Investment Bonds in computing its taxation liabilities (or the value of such deduction would be materially reduced);

(B) the treatment of any of the Issuer's items of income or expense with respect to the Capital Investment Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to additional taxes, duties or other governmental charges; or

(C) on the occasion of the next payment due under the Capital Investment Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*).

"Taxing Jurisdiction" means the Republic of Malta or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Issuer is treated as having a permanent establishment, under the income tax laws of such jurisdiction.

"Tier 1 Capital" means tier 1 capital for the purposes of the Applicable Banking Regulations.

"Tier 2 Capital" means tier 2 capital for the purposes of the Applicable Banking Regulations.

a **"Trigger Event"** shall occur if at any time the Issuer, Competent Authority or any agent appointed for such purpose by the Competent Authority has determined that the CET1 Ratio of the Issuer's Group on a consolidated basis is less than the Trigger Level.

"Trigger Level" has the meaning given in the relevant Final Terms.

"Write Down" means the write down of the Outstanding Nominal Value of each Capital Investment Bond (in whole or in part, as applicable) by writing down such Outstanding Nominal Value (in whole or in part, as applicable) in accordance with the Write Down Procedure.

"Write Down Amount" means the amount by which the Outstanding Nominal Value of each Capital Investment Bond is to be written down on the Write Down Effective Date, which shall be:

(i) the amount (together with the write down on a *pro rata* basis of the other Capital Investment Bonds and any utilization and conversion or utilization and write down (to the extent possible) of other Loss Absorbing Instruments to be written down or converted concurrently (or substantially concurrently)) that would be sufficient to restore the CET1 Ratio of the Issuer's Group to at least the Trigger Level; or

(ii) if that write down (together with the write down on a *pro rata* basis of the other Capital Investment Bonds and any utilization and conversion or utilization and write down (to the extent possible) of any other Loss Absorbing Instruments to be written down or converted concurrently (or substantially concurrently)) would be insufficient to restore the CET1 Ratio to the Trigger Level, or the CET1 Ratio is not capable of being so restored, the amount necessary to reduce the Outstanding Nominal Value of such Capital Investment Bond to one euro cent provided, however, with respect to each Loss Absorbing Instrument (if any) such pro-rata write down or conversion shall only be taken into account to the extent required to restore the CET1 Ratio of the Issuer's Group to the lower of (a) such Loss Absorbing Instrument's trigger level, or where there is more than one such trigger level, the highest of such trigger levels as has been triggered thereon and (b) the Trigger Level in respect of which the Trigger Event has occurred and provided further, however, that to the extent the write down, or, as the case may be, conversion of the nominal value of any Loss Absorbing Instrument is not, or by the relevant Write Down Effective Date will not be, effective for any reason, the ineffectiveness of any such write down or, as the case may be, conversion shall not prejudice the requirement to effect a write down

of each Capital Investment Bond under this Condition and the amount of any future potential write down or conversion (as the case may be) of such Loss Absorbing Instrument shall not be taken into account in determining, and so shall not reduce, the amount of the write down of the Outstanding Nominal Value of each Capital Investment Bond.

“Write Down Effective Date” means the date on which the Write Down shall take place, or has taken place, as applicable.

“Write Down Notice” means the notice to be delivered by the Issuer to the Holders in accordance with Condition 12 specifying (i) that a Trigger Event has occurred and (ii) the Write Down Effective Date or expected Write Down Effective Date.

“Write Down Procedure” means the procedures set out in Condition 7(a)(ii).

“Written Down Additional Tier 1 Instrument” means a Loss Absorbing Instrument (other than these Capital Investment Bonds) issued directly or indirectly by the Issuer and qualifying as Additional Tier 1 Capital of the Issuer’s Group that, immediately prior to any Reinstatement, has a prevailing nominal value which is less than its original nominal value due to a write down and that has terms permitting a principal write up to occur on a basis similar to that set out in Condition 7(b) in the circumstances existing on the relevant Reinstatement Effective Date.

(b) In these Conditions:

(i) any reference to principal or nominal shall be deemed to include the redemption amount, any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*), any premium payable in respect of a Capital Investment Bond and any other amount in the nature of principal payable pursuant to these Conditions;

(ii) references to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

2. Form and Denomination

(a) *Form*

Capital Investment Bonds are issued in tangible form. Capital Investment Bonds are numbered. Capital Investment Bonds are kept by SAB o.c.p.

(b) *Registration*

The Capital Investment Bonds are assigned ISIN code.

(c) *Denomination*

Capital Investment Bonds will be issued in such denomination as specified in the Final Terms.

(d) *Currency of the Capital Investment Bonds*

The Capital Investment Bonds are issued in euro.

3. Title, Transfer and Delivery

(a) *Title of Capital Investment Bonds*

Title to the Capital Investment Bonds passes by registration of change of ownership in the Register. References herein to the **“Noteholders”** or **“Holders”** of Capital Investment Bonds signify the persons in whose names such Capital Investment Bonds are so registered.

(b) *Transfer of Capital Investment Bonds and Transfer Limitation*

The Notes can be transferred from one Noteholder to another by the registrar of the Register. Ownership of a Note is deemed to have changed in respect of the Issuer as from the moment a relevant entry is made in the Register.

(c) Delivery

The Issuer will deliver Notes to the SAB o.c.p. for safekeeping without undue delay after the Capital Investment Bonds issuance. Upon their redemption the Issuer will collect the Capital Investment Bonds from the SAB o.c.p. Noteholders are not entitled to retrieve the Capital Investment Bonds from the safekeeping of SAB o.c.p. without prior consent of the Issuer.

4. Status

Ranking

The Capital Investment Bonds issued pursuant to these Conditions (the “**Capital Investment Bonds**”) constitute and will constitute unsecured, subordinated obligations of the Issuer.

The Issuer expects the Capital Investment Bonds to be instruments of the Issuer qualifying as Additional Tier 1 Capital instruments.

In the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, the rights and claims (if any) of the Holders of any Capital Investment Bonds to payments of the then Outstanding Nominal Value, as reduced by any relevant Write-Down Amount in respect of a Trigger Event which has occurred but in respect of which the Write-Down Effective Date has not yet occurred, (if any) of the Capital Investment Bonds and any other amounts in respect of the Capital Investment Bonds (including any accrued and uncanceled interest or damages awarded for breach of any obligations under these Conditions, if any are payable), will rank:

- (i) *pari passu* without any preference among the Capital Investment Bonds;
- (ii) at least *pari passu* with payments to holders of present or future outstanding Parity Securities of the Issuer;
- (iii) in priority to payments to holders of present or future outstanding Junior Securities (including shares) of the Issuer; and
- (iv) junior in right of payment to the payment of any present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer, and (c) subordinated creditors of the Issuer in respect of Subordinated Indebtedness (other than Parity Securities and Junior Securities) including, for the avoidance of doubt, Tier 2 Capital instruments.

General

No Holder of the Capital Investment Bonds shall be entitled to exercise any right of set-off or counterclaim against amounts owed by the Issuer in respect of the Capital Investment Bonds held by it.

No insolvency proceedings against the Issuer are required to be opened in relation to the obligations of the Issuer under the Capital Investment Bonds. The Capital Investment Bonds do not contribute to a determination that the liabilities of the Issuer exceed its assets; therefore the obligations of the Issuer under the Capital Investment Bonds, if any, will not contribute to the determination of insolvency of the Issuer in accordance with Maltese Companies Act.

5. Interest

The Capital Investment Bonds shall be interest bearing. The application of Condition 5(1) (*Interest—Float Rate*) shall be subject to Condition 5(2) (*Interest Cancellation*).

(1) Interest — Float Rate

The Capital Investment Bonds shall bear interest on its Outstanding Nominal Value from and including their Issue Date (as specified in the Final Terms) to, but excluding, the date of any final redemption at the rate or rates *per annum* specified in the Final Terms. Such interest will be payable in arrear on each Interest Payment Date as is specified in the Final Terms and on the date of any final redemption.

The determination by the Issuer of all rates of interest and amounts of interest for the purposes of this Condition 5 shall, in the absence of manifest error, be final and binding on all parties.

(2) ***Interest Cancellation***

The application of Condition 5(1) (*Interest—Fixed Rate*) shall be subject to this Condition 5(2).

(a) *Interest Payments Discretionary*

Interest on the Capital Investment Bonds will be due and payable only at the sole discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date. If the Issuer does not make an interest payment on the relevant Interest Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable. Interest payments may be cancelled for an unlimited period.

If the Issuer provides notice to cancel a portion, but not all, of an interest payment and the Issuer subsequently does not make a payment of the remaining portion of such interest payment on the relevant Interest Payment Date, such non-payment shall evidence the Issuer's exercise of its discretion to cancel such remaining portion of the interest payment, and accordingly such remaining portion of the interest payment shall also not be due and payable.

(b) *Restriction on Interest Payments*

(i) Subject to the extent permitted in paragraph 5(2)(b)(ii) below, the Issuer shall not make an interest payment on the Capital Investment Bonds on any Interest Payment Date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such Interest Payment Date):

(a) if the amount of such interest payment otherwise due, when aggregated together with any further Relevant Distributions and other distributions of the kind referred to in the Maltese Banking Act (implementing article 141(2) of the CRD IV Directive), plus any write-ups, where applicable, exceed (in aggregate) the amount of the Maximum Distributable Amount (whereas under the Applicable Banking Regulations the maximum Distributable Amount shall be calculated if the Issuer does not meet its combined capital buffer requirements); or

(b) such interest payment would cause, when aggregated together with other Relevant Distributions and any potential write-ups, the Distributable Items of the Issuer (as at such Interest Payment Date) to be exceeded; or

(c) the Competent Authority orders the Issuer to cancel the interest payment on the Capital Investment Bonds (in whole or in part) scheduled to be paid; or

(d) if and to the extent that such payment would cause a breach of any other regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments pursuant to Applicable Banking Regulations.

(ii) The Issuer may, in its sole discretion, elect to make a partial interest payment on the Capital Investment Bonds on any Interest Payment Date, only to the extent that such partial interest payment may be made without breaching the restriction set out in paragraph 5(2)(b)(i) above.

(c) *Effect of Interest Cancellation*

Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled in accordance with Condition 5(2)(a) and Condition 5(2)(b). Any interest cancelled (in each case, in whole or in part) in such circumstances shall be cancelled indefinitely and shall not accumulate or be payable at any time thereafter. For avoidance of doubt, any accrued but unpaid interest from the Trigger Event up to the Write-Down Effective Date shall also be automatically cancelled even if no notice has been given to that effect. Any interest payment (or part thereof) so cancelled shall not constitute an event of default, and Holders shall have no rights thereto or to receive any additional interest or compensation as a result

of such cancellation or deemed cancellation, including in the case of liquidation or bankruptcy of the Issuer.

The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due.

(d) Notice of Interest Cancellation

If practicable, the Issuer shall provide notice of any cancellation of interest (in whole or in part) to the Holders on or prior to the relevant Interest Payment Date. If practicable, the Issuer shall endeavor to provide such notice at least five (5) Business Days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give Holders any rights as a result of such failure.

6. Redemption and Purchase

(a) No fixed redemption date

The Capital Investment Bonds shall be perpetual and shall have no final maturity.

The Capital Investment Bonds are securities that are not redeemable at the option of the Holders and have no fixed redemption date, and the Issuer shall have the right to call, redeem, repay or repurchase them only in accordance with (and subject to) the conditions set out in Articles 77 and 78 of the CRR being met and not before five years from issuance, except where the conditions set out in Article 78(4) of the CRR are met or, in the case of repurchases for market making purposes, where the conditions set out in Article 29 of the CDR are met and particularly with respect to the predetermined amount defined by the Competent Authority as per Article 29(3)(b) of the CDR (see conditions for Early Redemption as a result of a Tax Event, Early Redemption as a result of a Capital Event and Optional Early Redemption (Call)). The instrument shall become immediately due and payable only in the event of liquidation or bankruptcy of the Issuer, subject to the conditions in the Status of the Capital Investment Bonds.

(b) Early Redemption as a result of a Tax Event

Upon the occurrence of a Tax Event, but subject to the Conditions to Redemption and Condition 6(f) (*Trigger Event Post Redemption Notice*), the Issuer may, other than when the prevailing Outstanding Principal Amount of a Capital Investment Bond is less than the Original Principal Amount, having given not less than 30 days' notice to the Holders of Capital Investment Bonds in accordance with Condition 13 (*Notices*) on each Interest Payment Date redeem all (but not some only) of the outstanding Capital Investment Bonds at any time at a redemption amount equal to their Outstanding Nominal Value together with interest accrued to but excluding the date of redemption (excluding any interest cancelled in accordance with Condition 5(2) (*Interest Cancellation*)).

(c) Early Redemption as a result of a Capital Event

Upon the occurrence of a Capital Event but subject to the Conditions to Redemption and Condition 6(f) (*Trigger Event Post Redemption Notice*), the Issuer may, other than when the prevailing Outstanding Principal Amount of a Capital Investment Bond is less than the Original Principal Amount, at its option, having given not less than 30 days' notice to the Holders in accordance with Condition 13 (*Notices*), on each Interest Payment Date redeem all (but not some only) of the Capital Investment Bonds at its Outstanding Nominal Value, together with interest (if any) accrued to but excluding the date of redemption (excluding any interest cancelled in accordance with Condition 5(2) (*Interest Cancellation*)).

(d) Optional Early Redemption (Call)

The Issuer may (subject to the Conditions to Redemption and Condition 6(f) (*Trigger Event Post Redemption Notice*)), other than when the prevailing Outstanding Principal Amount of a Capital Investment Bond is less than the Original Principal Amount, on each Interest Payment Date redeem all (but not some only) the Capital Investment Bonds at their Outstanding Nominal Amount, together with accrued interest (if any) thereon (excluding any interest cancelled in accordance with Condition 5(2) (*Interest Cancellation*)).

The appropriate notice referred to in this Condition 6(d) is a notice given by the Issuer to the Holders of the Capital Investment Bonds, which notice shall be signed by an authorised representative of the Issuer and shall specify:

- (i) the due date for such redemption, which shall be not less than 30 days after the date on which such notice is validly given; and
- (ii) the amount at which such Capital Investment Bonds are to be redeemed, which shall be their Outstanding Nominal Value together with accrued interest thereon (excluding any interest cancelled in accordance with Condition 5(2) (*Interest Cancellation*)).

(e) Conditions to Redemption

The Issuer may redeem the Capital Investment Bonds in accordance with Condition 6(b) (*Early Redemption as a result of a Tax Event*), 6(c) (*Early Redemption as a result of a Capital Event*) or 6(d) (*Optional Early Redemption (Call)*) (and give notice thereof to the Holders) only if it has been granted the permission of the Competent Authority (if such permission is then required under the Applicable Banking Regulations) and:

- (i) on or before such redemption of the Capital Investment Bonds, the Issuer replaces the Capital Investment Bonds with capital instruments of an equal or higher quality on terms that are sustainable for its income capacity; or
- (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that its Tier 1 Capital and Tier 2 Capital would, following such redemption, exceed the capital ratios laid down in Article 92(1) of the CRR and the combined buffer requirement as defined in the Maltese Banking Act transposing² point 6 of Article 128 of the CRD IV by a margin that the Competent Authority considers necessary on the basis of the Maltese Banking Act transposing Article 104(3) of the CRD IV Directive³;
- (iii) in case of redemption in accordance with Condition 6(d), such redemption may only occur after five years after the issue date of the Capital Investment Bonds; and

- (iv) in the case of redemption before five years after the issue date of the Capital Investment Bonds if:
 - (a) the conditions listed in paragraphs (i) or (ii) above are met; and
 - (b) in the case of redemption due to the occurrence of a Capital Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of the issuance of the Capital Investment Bonds; or
 - (c) in the case of redemption due to the occurrence of a Tax Event, the Issuer demonstrates to the satisfaction of the Competent Authority that such Tax Event is material and was not reasonably foreseeable at the time of issuance of the Capital Investment Bonds,
(the “**Conditions to Redemption**”).

The Issuer shall not give a notice of redemption if a Trigger Event has occurred. Should it occur that the Competent Authority decides that the Capital Investment Bonds issued under these Conditions cannot be classified as Additional Tier 1 Capital instruments from the beginning (and not due to the occurrence of a Capital Event) and such position cause the Issuer to wish to call such notes, the Conditions to Redemption shall not be applicable and the Capital Investment Bond shall be immediately redeemable in accordance with Condition 6(d) (*Optional Early Redemption (Call)*).

(f) Trigger Event Post Redemption Notice

If the Issuer has elected to redeem the Capital Investment Bonds but prior to the payment of the redemption amount with respect to such redemption, a Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount will be due and payable and Write-Down shall occur in accordance with Condition 7 (*Loss Absorption Mechanism*).

(g) Cancellation of Redeemed and Purchased Capital Investment Bonds

All Capital Investment Bonds redeemed or purchased in accordance with this Condition 6 will be cancelled (i.e. deleted from the Register, based on the Issuer’s application, if applicable) and may not be reissued or resold. References in this Condition 6(g) to the purchase of the Capital Investment Bonds by the Issuer shall not include the purchase of Additional Tier 1 Temporary Write-Down otherwise than as a beneficial owner.

7. Loss Absorption Mechanism – Conversion and/or Write down

Conversion upon a Trigger Event

This means the conversion of the Capital Investment Bonds into instruments eligible as CET1 Capital, such as common shares, and 'convert' and 'converted' shall be construed accordingly. 'Conversion Date' means the date on which the CET1 instruments are to be delivered, as specified as such in the Trigger Event Notice, being without delay but in any event not later than one month (or a shorter period as the Competent Authority may then require) from the occurrence of the relevant Trigger Event.

The conversion price will be determined on a case-by-case basis by the issuer, the minimum requirement being a rate of conversion at which the instrument will convert into instruments qualifying as CET1 Capital. The number of common shares which the Noteholders will be entitled to receive if the conversion occurs will be the result of dividing the nominal value of the Capital Investment Bonds held by the Issuer at the time of conversion by the nominal value of the Bank's shares at the time of conversion (the "Conversion Price").

The minimum conversion amount shall be equal to the amount (together with the write down on a pro rata basis of the other Capital Investment Bonds and any utilization and conversion or utilization and write down (to the extent possible) of other Loss Absorbing Instruments to be written down or converted concurrently (or substantially concurrently)) that would be sufficient to restore the CET1 Ratio of the Bank to at least the Trigger Level.

The Issuer shall immediately inform the Competent Authority of the occurrence of the Trigger Event and notify in an irrevocable manner, the holders of the Capital Investment Bonds that the Trigger Event has occurred.

The Issuer shall without delay irrevocably and mandatorily convert the Capital Investment Bonds into common shares in whole on the Conversion Date, at which point all of the Issuer's obligations under the converted Notes shall be irrevocably discharged and satisfied by the Issuer's issuance and delivery of the common shares on the Conversion Date. The Issuer undertakes to ensure that its authorised share capital is, at all times, sufficient for converting the Capital Investment Bonds into common shares if a trigger event occurs. All necessary authorisations are to be obtained at the date of issuance of the Capital Investment Bonds.

Accordingly, upon the occurrence of a Trigger Event, any amount of the Capital Investment Bonds that would have been converted will automatically be written down to zero, each Note will be cancelled, and all accrued but unpaid distributions and any other amounts payable on each Note will be cancelled.

At the Trigger event, the Issuer shall redeem the Capital Investment Bonds at a price equal to the Conversion Price and the holders of the Capital Investment Bonds shall be deemed irrevocably to have directed and authorised the Issuer to apply such sum on their behalf in paying the relevant CET1 instruments to be issued on conversion of their Notes. Any conversion of the Capital Investment Bonds shall not constitute an event of default or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever, and shall not entitle holders to petition for the insolvency or dissolution of the issuer.

The Issuer undertakes to maintain, at all times, the necessary prior authorisation to issue the common shares or CET1 instruments into which the Capital Investment Bonds would convert upon occurrence of a Trigger Event. **If, for any reason, it is not possible to convert all or part of the instrument into CET1 instruments at the time of the Trigger Event, the Capital Investment Bonds (all or in part) shall not be subject to Conversion but, instead, shall be written down in accordance with the following clauses.**

(a) Write Down

(i) Write Down Upon Trigger Event where conversion is not possible

If a Trigger Event has occurred at any time, the Issuer shall write down the Outstanding Nominal Value of each Capital Investment Bond (in whole or in part, as applicable) by writing down such Outstanding Nominal Value (in whole or in part, as applicable) on the Write Down Effective Date in accordance with the Write Down Procedure. The Write Down shall occur without delay (and within one month or such shorter period as the Competent Authority may require at the latest) upon the occurrence of a Trigger Event.

Upon the occurrence of a Trigger Event, the Issuer shall immediately inform the Competent Authority and shall deliver to the Holders notice in accordance with Condition 12 specifying (i) that a Trigger Event has occurred and (ii) the Write Down Effective Date or expected Write Down Effective Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such Write Down, or give Holders any rights as a result of such failure.

Other than as provided below in Condition 7(b) (*Reinstatement*), following a Write Down, no Holder will have any rights against the Issuer with respect to the repayment of any principal amount to the extent so written down or the payment of interest on any principal amount that has been so written down or any other amount on or in respect of any principal amount that has been so written down. Furthermore, any interest on any principal amount that is to be written down on the relevant Write Down Effective Date, in respect of an interest period ending on any Interest Payment Date falling between the date of a Trigger Event and the Write Down Effective Date shall also be deemed to have been cancelled upon the occurrence of such Trigger Event and shall not be due and payable.

A Trigger Event may occur on more than one occasion and the Outstanding Principal Amount of each Capital Investment Bond may be written down on more than one occasion provided that the Outstanding Principal Amount of a Capital Investment Bond may never be reduced to below one euro cent.

Any Write Down of a Capital Investment Bond shall not constitute an event of default or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever and shall not, of itself, entitle Holders to petition for the insolvency of the Issuer or otherwise.

(ii) Write Down Procedure

Write Down Notice

If a Trigger Event has occurred at any time, the Issuer shall deliver a Write Down Notice to the Holders, as soon as reasonably practicable, and in any event not more than five (5) Business Days after such determination.

The Write Down Notice shall be sufficient evidence of the occurrence of such Trigger Event and will be conclusive and binding on the Holders.

Write Down

(A) On the Write Down Effective Date, the Issuer shall write down the Outstanding Nominal Value of each Capital Investment Bond in a sum equivalent to the relevant Write Down Amount of each Capital Investment Bond. The Issuer shall organise and procure the registration of such reduction of the Outstanding Nominal Value of the Capital Investment Bonds in the Register.

(B) Notwithstanding that certain Loss Absorbing Instruments may be utilized and converted or utilized and written down in full (on a temporary or permanent basis in accordance with their terms), the Issuer will first to the extent possible procure that the outstanding principal amount of each security forming part of any series of Loss Absorbing Instruments to be converted or written down (as the case may be) concurrently (or substantially concurrently) is, or has been, utilized and converted or utilized and written down (in accordance with its terms) on a pro rata basis with the Outstanding Nominal Value of each Capital Investment Bond. Simultaneously with the delivery of the Write Down Notice to the Holders, or as soon as possible thereafter, the Issuer

shall procure that a similar notice is, or has been, given in respect of any such Loss Absorbing Instruments (in accordance with their terms).

(b) *Reinstatement applicable in case of Write Down*

(i) *Reinstatement after Write Down*

If a positive Net Profit of the Issuer's Group is recorded at any time while the Outstanding Nominal Value of the Capital Investment Bonds is less than the Original Nominal Value of the Capital Investment Bonds, the Issuer may, at its sole and absolute discretion, reinstate and write up the Outstanding Nominal Value of the Capital Investment Bonds in whole or in part in accordance with the Reinstatement Procedure (a "**Reinstatement**").

A Reinstatement may occur on more than one occasion provided that the Outstanding Nominal Value of a Capital Investment Bond may never exceed its Original Nominal Value.

No Reinstatement may take place if (i) a Trigger Event has occurred in respect of which the Write Down has not occurred, (ii) a Trigger Event has occurred in respect of which Write Down has occurred but the CET1 Ratios of the Issuer's Group have not been restored to, or above, the Trigger Level or (iii) the Reinstatement (either alone or together with all simultaneous reinstatements of other Written Down Additional Tier 1 Capital Instruments) would cause a Trigger Event to occur.

(ii) *Reinstatement Procedure*

Reinstatement Notice

If the Issuer exercises such discretion to effect a Reinstatement it shall give notice thereof to Holders specifying the Reinstatement Amount and the Reinstatement Effective Date (the "**Reinstatement Notice**").

Reinstatement Amount

Reinstatements must be made on a *pro rata* basis with any other Written Down Additional Tier 1 Instruments (based on the then prevailing outstanding nominal value thereof).

The Reinstatement Amount shall be set by the Issuer at its discretion, save that it shall, when aggregated together with the reinstatement of the outstanding nominal value of temporarily written down Written Down Additional Tier 1 Instruments and distributions of the kind referred to in Article 141(2) of the CRD IV Directive, be limited to the extent necessary to ensure the Maximum Distributable Amount is not exceeded thereby and provided that the sum of:

- (i) the aggregate amount of the relevant reinstatement on all the Capital Investment Bond (out of the same Net Profit of the Issuer's Group);
- (ii) the aggregate amount of any payments of interest in respect of the Capital Investment Bonds that were paid on the basis of an Outstanding Principal Amount lower than the Original Principal Amount at any time after the Reference Date;
- (iii) the aggregate amount of the relevant reinstatement on Written Down Additional Tier 1 Instruments at the time of the relevant Reinstatement (out of the same Relevant Profits); and
- (iv) the aggregate amount of any payments of interest or distributions in respect of each Written Down Additional Tier 1 Instruments that were paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the Reference Date,

does not exceed the Maximum Reinstatement Amount.

Effecting the Reinstatement

On the Reinstatement Effective Date and subject to the prior consent of the Competent Authority (to the extent such consent is required by the Applicable Banking Regulations), the Issuer shall

cause the Outstanding Nominal Value of each Capital Investment Bond to be reinstated and written up by an amount equal to the relevant Reinstatement Amount on a pro rata basis with each Capital Investment Bond. The Issuer shall organise and procure the registration of such increase of the Outstanding Nominal Value of the Capital Investment Bonds in the Register.

8. Taxation

- (a) Should any amounts payable in cash or in kind (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Capital Investment Bonds be subject to withholding or deduction of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Malta or any political subdivision thereof or any authority or agency therein or thereof having power to tax, the Issuer shall be entitled to withhold or deduct the respective taxes or duties. For the avoidance of doubt, any such withholdings or deductions shall be made by the Issuer on the account of the Noteholder with the Issuer having no obligation to compensate the withheld or deducted tax amounts to the Noteholder.
- (b) Should an applicable treaty for the avoidance of double taxation set forth lower withholding rates than those otherwise applicable to the interest payment under Maltese domestic law, the respective Noteholder shall be requested to provide the documents necessary for application of the respective treaty (including, but not limited to, residence certificate issued or attested by the tax authority of the residence state of the Noteholder) at least 15 (fifteen) days prior to the payment. If such documents are not presented to the Issuer, the Issuer shall be entitled to withhold tax at the rates set forth by the Maltese domestic legislation.
- (c) Any reference in these Terms to interest in respect of the Capital Investment Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 or any undertaking given in addition thereto or in substitution therefor. For the avoidance of doubt, no additional amounts shall be payable by the Issuer in respect of payments of principal under the Capital Investment Bonds.
- (d) If, due to any such interpretation by the tax authorities in the Taxing Jurisdiction or any amendment to, or clarification of, or change in, the laws or treaties (or any regulations thereunder) of the Taxing Jurisdiction affecting taxation; any governmental action in the Taxing Jurisdiction affecting taxation; or any amendment to, clarification of, or change in, the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in the Taxing Jurisdiction, irrespective of the manner in which such amendment, change, action, pronouncement, interpretation or decision is made known, the payment of interest under the Capital Investment Bonds is qualified as a payment of dividends and the obligation of the Issuer to pay corporate income tax in its own name and on its own account (i.e. not as withholding taxes attributable to the Holders) on the payment of interest (qualified as distribution of dividends) under the Capital Investment Bonds, the Noteholders will bear the tax burden of such payments and the Issuer shall make deductions from the sums payable to the Noteholders to cover the cost of such dividend taxes with the Issuer having no obligation to compensate the withheld or deducted tax amounts to the Noteholder. For avoidance of doubt, should payment of interest (qualified as distribution of dividends) be also subject to withholding or deduction of any tax or duty in Malta, in addition to the corporate income tax payable by the Issuer (e.g. in the event of regularly paid dividends, which on the date of these Conditions are taxable with the 14%⁴ corporate income tax at the level of the Issuer and the 7%⁵ withholding tax at the level of the

⁴ Note: Tax rates are quoted reflecting current legislation, which might be changed at any time without notice by the Tac Authorities. At all times the applicable rates in line with latest legislation will apply throughout the terms of the Capital Investment Bonds,

⁵ Note: as per note 4 above.

individual Holder), the Issuer shall also be entitled to withhold or deduct the respective taxes or duties on the account of the Noteholder as described under Condition 8(a) above. For avoidance of doubt, this does not preclude the Issuer's right to exercise Early Redemption of the Capital Investment Bonds as a result of a Tax Event under Condition 6(b).

9. Payments

Payment of amounts (whether principal, interest or otherwise, including on the final redemption) due in respect of the Capital Investment Bonds will be paid to the Holders thereof as appearing in the Register as of close of business of the Register on the tenth Business Day immediately preceding the due date for such payment (the "**Record Date**"). Payment of amounts due on the final redemption of Capital Investment Bonds will be made simultaneously with deletion of the Capital Investment Bonds, or, if so required by the Issuer, against delivery of the Capital Investment Bonds to the Issuer. If the due date for payment of the final redemption amount of Capital Investment Bonds is not a Business Day, the Holder thereof will not be entitled to payment thereof until the next following such Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Conditions. All payments are made by the Branch.

10. Limitation period

The limitation period of claims against the Issuer in respect of the Capital Investment Bonds is 3 years from the due date for payment.

11. Meetings of Holders

Circumstances may arise that call for convening meetings of the Holders of Capital Investment Bonds by the Issuer to consider the modification or waiver of the Conditions, whereas any modification of these Conditions may only be made as proposed by the Issuer. Any modification or waiver of the Conditions which affects Capital Investment Bonds will be effected in accordance with Applicable Banking Regulations.

Modifications of and amendments to the Conditions of Capital Investment Bonds (including the Trigger Level) may be effected by the Issuer, and future compliance with any Conditions of the Capital Investment Bonds by the Issuer may be waived, with the prior consent of Holders of the Capital Investment Bonds representing not less than three-fourths of the Outstanding Nominal Value of Capital Investment Bonds (excluding any Capital Investment Bonds held by the Issuer or its Subsidiaries) or, in the case of a written consent without a meeting, the consent of persons holding or representing not less than three-fourths in Outstanding Nominal Value of the Capital Investment Bonds (excluding any Capital Investment Bonds held by the Issuer or its Subsidiaries).

Any modification shall be binding on the Noteholders and, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter.

12. Notices

(a) To Holders of the Capital Investment Bonds

Notices to Holders will be deemed to be validly given if sent by registered mail or e-mail to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the fourth Business Day after the date of sending the notice by registered mail and on the next Business Day after sending the notice by e-mail.

(b) To the Issuer

Notices to the Issuer will be deemed to be validly given if delivered to the Issuer at Branch or by

e-mail to info@fcmbank.com.mt (or at such other contact details as may have been notified to the Noteholders in accordance with this Condition (a) or via the Issuer's website) and will be deemed to have been validly given at the opening of business on the next day on which the Issuer's principal office is open for business.

13. Further Issues

The Issuer may from time to time without the consent of the Holders of the Capital Investment Bonds create and issue further Capital Investment Bonds and other debt securities having terms and conditions the same as those of the Capital Investment Bonds or the same except for the amount of the Issue Date and Issue Price, which may be consolidated and form a single issue with and bear the same ISIN code as the outstanding Capital Investment Bonds.

14. Law and Jurisdiction

- (a)** The Capital Investment Bonds and all non-contractual obligations arising out of or in connection with any of them are governed by Maltese law.
- (b)** The courts of Malta shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Capital Investment Bonds (including a dispute relating to any noncontractual obligation arising out of or in connection with the Capital Investment Bonds).

15. Acknowledgement of Bail-in Powers

Notwithstanding and to the exclusion of any other term of the Capital Investment Bonds or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 15, includes each holder of a beneficial interest in the Capital Investment Bonds), by its acquisition of the Capital Investment Bonds, each Noteholder acknowledges and accepts that any liability arising under the Capital Investment Bonds may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a)** the effect of the exercise of any Bail-in Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Capital Investment Bonds;
 - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Capital Investment Bonds into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Capital Investment Bonds;
 - (iii) the cancellation of the Capital Investment Bonds or the Relevant Amounts in respect of the Capital Investment Bonds;
 - (iv) the amendment or alteration of the amount of interest payable on the Capital Investment Bonds, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (b)** the variation of the terms of the Capital Investment Bonds, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Bail-in Powers by the Relevant Resolution Authority.

ANNEX 1
FINAL TERMS FOR THE AS FCM BANK LIMITED
CAPITAL INVESTMENT BONDS issued on 31st January 2023

AS FCM BANK LIMITED

Issue of

95 000 000 CZK

Capital Investment Bonds

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Capital Investment Bonds (the “**Conditions**”). This document constitutes the Final Terms for the Capital Investment Bonds described herein and must be read in conjunction with such Conditions.

Full information on the offer of the Capital Investment Bonds is only available on the basis of the combination of this Final Terms and the Conditions.

GENERAL

1.	Issuer	FCM BANK LIMITED
2.	Offering	Private placement
3.	Issue currency	CZK
4.	Original Nominal Value	100 000 CZK
5.	Aggregate Original Nominal Value	95 000 000 CZK, which may be increased or decreased by the Issuer, including after the Issue Date
6.	Issue Price	100% of the Original Nominal Value
7.	Issue Date and Interest Commencement Date	31 st January 2023
8.	Maturity Date	The Capital Investment Bonds shall be perpetual and shall have no final maturity date.
9.	Interest	Float Rate - determined as the value of 2W repo rate announced by Czech national bank effective for the first day of the quarter for which is interest paid increased by 0.25 percentage point but not less than 3.25 % p.a. and no more than 8.25 % p.a.
10.	Redemption/Payment Basis	Redemption at par
11.	Put/Call Options	Issuer Call
		<i>(further particulars specified in the Terms and Conditions)</i>
12.	Status of the Capital Investment Bonds	Capital Investment Bonds

- | | | |
|-----|----------------|--|
| 13. | Bail-in Powers | Applicable, as provided in the Conditions and the Applicable Banking Regulations |
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PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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|-----|---------------------------------|--|
| 14. | Interest Basis | Float rate |
| 15. | Rate of Interest | the value of 2W repo rate announced by Czech national bank effective for the first day of the quarter for which is interest paid increased by 0.25 percentage point but not less than 3.25 % p.a. and no more than 8.25 % p.a; payable quarterly |
| 16. | Interest Payment Date (s): | The interest is payable on the last day of the respective calendar quarter for which the payment of the interest is made. |
| 17. | First Interest Payment Date: | 31 st March 2023 |
| 18. | Interest calculation convention | 30/360 |
| 19. | Record Date | Close of business on the tenth Business Day immediately preceding the Interest Payment Date |

PROVISIONS RELATING TO REDEMPTION

- | | | |
|-----|--|--|
| 20. | Call Option | |
| | i. Optional Redemption Date(s): | Subject to the provisions of Condition 6(d) and approval of the COMPETENT AUTHORITY. |
| | ii. Optional Redemption Amount(s): | Outstanding Nominal Value plus interest accrued and due (subject to Condition 5(2)), whereas Issuer may only use Call Option when the prevailing Outstanding Principal Amount is equal to the Original Principal Amount. |
| | iii. Early redemption as a result of a Tax Event: | The provisions of Condition 6(b) apply. |
| | iv. Early redemption as a result of a Capital Event: | The provisions of Condition 6(c) apply. |
| 21. | Put Option | Not applicable. |
| 22. | Final Redemption Amount | Outstanding Nominal Value plus interest accrued and due (subject to Condition 5(2)). |

SPECIAL PROVISIONS

- | | | |
|-----|-----------|--|
| 23. | ISIN Code | The Issuer and the Holders acknowledge that the ISIN code has not been granted to the Issue as of date of the Final Terms. The Holders authorise the Issuer to add the ISIN code of the Investment Capital Bonds to this section in hand-written form upon its assignment. |
|-----|-----------|--|

24. Trigger Level

A "Trigger Event" will occur if, at any time, the Bank's Common Equity Tier 1 Capital Ratio pursuant to Article 54 of the CRR or any successor provision, which we refer to as our "Common Equity Tier 1 Capital Ratio," falls below 5.125%. Whether a Trigger Event has occurred shall be determined by us, our competent supervisory authority or any agent appointed for such purpose by our competent supervisory authority and such a determination will be binding on the holders of the Capital Investment Bonds.